

## EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT: DECEMBER 2004 PROJECT PIPELINE

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This page was last updated on **3 December 2004**. The information contained on this report will reflect the status of each project and new project entries.

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### I. INTRODUCTION AND GUIDE TO THE EBRD'S PROJECT PIPELINE

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29 billion) to both private and state sector projects. U.S. companies can access information about EBRD's projects through the EBRD's website [www.ebrd.com/oppo/procure/oppo/index.htm](http://www.ebrd.com/oppo/procure/oppo/index.htm)

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

## II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A	Montenegro Regional Road Rehabilitation Project	Serbia and Montenegro	30 Nov 2004
B	Europolis II	Regional	16 Nov 2004
C	Obolon Phase II	Ukraine	12 Nov 2004
D	Dalkia Lodz Cogeneration Privatisation	Poland	12 Nov 2004
E	Bank TuranAlem - Subscription of Ordinary Voting Shares	Kazakhstan	12 Nov 2004
F	Unibank A/B Loan	Azerbaijan	12 Nov 2004
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K	Chelopech Mining	Bulgaria	10 Nov 2004
L	Uralsib SME Term Loan II	Russia	5 Nov 2004
M	IRIDE II	Romania	4 Nov 2004
N	Project Tundra	Russia	4 Nov 2004

### A

**Project name:** Montenegro Regional Road Rehabilitation Project  
**Country:** Serbia and Montenegro  
**Project number:** 34724  
**Business sector:** Transport  
**State/Private:** State sector  
**Environmental category:** B  
**Board date:** 17 May 2005  
**Status:** Passed concept review, Pending final review  
**Date PSD disclosed:**  
**Date PSD updated:** 30 November 2004

#### Project description and objectives:

The proposed project entails:

(a) Rehabilitation of tunnel portals, construction of a climbing lane and stabilisation of slopes on Mioska-Kolasin road.

(b) Rehabilitation and construction of a third lane on Cetinje-Budva road.

The project will be implemented by the Ministry of Maritime Affairs and Transport of Montenegro.

The objectives of this project comprise: financing of these important regional road links, support for the implementation of the new Roads Law which will unify the currently divided responsibilities for execution of the roads programme, a programme of institutional strengthening to the newly created Roads Directorate and increased revenues to the road sector.

#### Transition impact:

The project will facilitate transition in the following ways:

#### Improving transport sector regulation: new law on roads

The Bank has encouraged approval by the National Assembly of a new Law on Roads which

provides for the creation of a single Road Directorate, reporting to the Ministry of Maritime Affairs and Transport for the administration and management of state roads.

**Improving road sector financing: funding and expenditure levels for road maintenance**

Montenegro is currently allocating insufficient funds for the maintenance and renewal of state roads. The project will covenant minimum annual levels of maintenance expenditure with the aim to reach an optimum level by 2008.

**Institutional strengthening**

The Bank is working closely with the European Union's European Agency for Reconstruction (EAR) and the authorities of Montenegro on an institutional strengthening programme for the road sector. The objectives of this are:

- Support the new road administration, and assist in developing its administrative, management, financial, planning and procurement functions;
- Update information on road financing and recommend how best to provide an adequate and stable flow of funds to the sector;
- Make recommendations for increased competition for road maintenance;
- Assist in the development of a medium-term (5 years) roads plan.

**The client:**

The Client will be the Government of Montenegro. The implementing agency will be the newly created Road Directorate, reporting to the Ministry of Maritime Affairs and Transport.

**EBRD finance:**

€ 11.5 million, Sovereign Loan to Serbia and Montenegro.

**Total project cost:**

€ 14.7 million.

**Environmental impact:**

Environmental impacts associated with the rehabilitation of two short sections of an existing 2 lane road and adding a third lane to a part of a 3 km section of the road are not expected to have significant environmental impacts and will bring about some safety benefits. However, a study carried out on behalf of the Bank in November 2003 suggests that some area of the proposed project is a sensitive environment. The road is situated in a deep gorge carved out of the steep slope and any additional work could unbalance the microenvironment. An environmental analysis will be carried out to assess environmental benefits and impacts of the project and make recommendations for mitigation measures. The Project will also need to meet the Bank's public consultation requirements and provisions under the Bank's Environmental Policy (2003) for category B projects, including local disclosure of an environmental summary of the project in local language 30 days before board.

**Technical cooperation:**

Technical Co-operation funds are being sought for assistance to the Road Directorate for supervision of works

## B

<b>Project name:</b>	Europolis II
<b>Country:</b>	Regional
<b>Project number:</b>	35120
<b>Business sector:</b>	Property
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	C
<b>Board date:</b>	2 November 2004
<b>Status:</b>	Signed

**Date PSD disclosed:**

**Date PSD updated:** 16 November 2004

**Project description and objectives:**

EBRD together with the Sponsor and third party investor (s) to invest up to €300 million in equity to create a regional portfolio of 15 to 20 property assets ('Sub-Projects') under the name of E2. E2 will seek long-term capital gains by investing in commercial real estate across a wide range of the Bank's Countries of Operation. The investments will be for the purpose of developing, renovating, reconstructing, acquiring, owning/managing commercial real estate in Romania, Bulgaria, Croatia, Serbia & Montenegro, Bosnia Herzegovina, Macedonia, Ukraine, Russia, and capital cities and regional centres of the EU new member countries in Central Europe.

**Objectives of the investment programme**

Promotion of the primary and in particular the secondary property markets across the Region :

- Targeting inter alia less developed property markets including such as markets in Serbia & Montenegro, Bosnia Herzegovina, Macedonia, Ukraine and Russia.
- Allocating capital to regional centres
- Targeting third party investor(s) to join

The Investment Programme will be governed by a clear set of Investment Guidelines including inter alia regional diversification criteria.

**Transition impact:**

Support the development of a more liquid secondary property market on a regional scale and primary markets in less developed regions. A mature secondary market will eventually lead to the acceptance of local property as an asset class and the entrance of non-specialist investors seeking to diversify portfolios and encourage developer's primary investors to move further east to the early and intermediate countries.

Promotion of less developed primary property markets to improve supply of quality commercial space in these markets.

**The client:**

Investkredit Bank AG, an Austrian commercial bank specialised in medium and long term financing to corporate customers and public institutions. Investkredit Bank AG is listed on the Vienna stock exchange.

**EBRD finance:**

Commitment to invest up to €75 million in equity and quasi-equity instruments.

The Bank's participation will be weighted to over-proportionally support Sub-Projects in less developed property markets.

**Total project cost:**

€ 300 million in equity and quasi-equity instruments.

**Environmental impact:**

The project was screened C/0.

The Sponsor has been implementing the formal environmental due diligence procedures based on EBRD's Environmental Procedures for Property Funds and agreed with the Bank under the Europolis 1 to review environmental issues of each sub-project including potential contamination of the site, construction-related environmental issues (noise, dust, traffic disturbance) and worker health and safety issues, safety of construction materials and life and fire safety issues of the building, as well as has been submitting annual environmental reports to the Bank.

Under E2, the Sponsor will continue to implement the environmental due diligence procedures which ensures that the Sponsor conducts its property development investment with full respect of environmental issues including compliance, at minimum, with national environmental, health and safety standards and requirements, national public consultation requirements where the sub-

project is located and implementation of good international practice applied by Western property developers as well as submission of an annual environmental report to the Bank.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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1090 Vienna,  
Austria  
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Fax: +43 (1) 319 72 00 - 10  
Website: [www.europolis.at](http://www.europolis.at)

## **C**

<b>Project name:</b>	Obolon Phase II
<b>Country:</b>	Ukraine
<b>Project number:</b>	35204
<b>Business sector:</b>	Agribusiness
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	C
<b>Board date:</b>	14 November 2000
<b>Status:</b>	Board approved, Pending signing
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	12 November 2004

**Project description and objectives:**

The proposed project will help Obolon finance its working capital needs, especially the storage of the stocks of barley in grain warehouses for subsequent processing into malt.

**Transition impact:**

The transition impact of the Project will be in the active promotion of warehouses receipts (WHRs) as a viable instrument of financing stocks of agricultural commodities. As WHRs provide superior security to lenders over the existing documents (the warehouse ticket), if local banks will use it extensively, it should lead to lower lending margins to agricultural producers and processors.

**The client:**

Obolon is a leading Ukrainian independent brewing company. Its beer brand is one of the most recognised consumer-goods brands in Ukraine. In 2003, it brewed and sold more than 4 million hectolitres of beer with significant export to Russia and other countries.

**EBRD finance:**

Up-to \$12m, three year revolving credit facility.

**Total project cost:**

n/a

**Environmental impact:**

This project is Screened C/0.

The purchase and storage of agricultural commodities is not generally associated with significant environmental, health or safety risks and Obolon is well-known to the Bank through previous operations with the Company. An environmental analysis and audit were conducted for the

Bank's first project and an environmental action plan was developed and agreed with the Company. The EAP has since been completed by the Company which continues to provide the Bank with annual environmental reports. These reports have always been satisfactory to the Bank and demonstrate the Company's continued compliance with both national and European Union standards for environment, health and safety.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Elena Peresada

E-mail: [helena@kiev.obolon.ua](mailto:helena@kiev.obolon.ua)

**Business opportunities:**

For business opportunities or procurement, contact the client company

## **D**

<b>Project name:</b>	Dalkia Lodz Cogeneration Privatisation
<b>Country:</b>	Poland
<b>Project number:</b>	35326
<b>Business sector:</b>	Energy efficiency
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	C
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	12 November 2004

**Project description and objectives:**

Up to €55 million equity investment in Dalkia Polska S.A. to finance the acquisition of ZEC Lodz, a district heating and cogeneration utility producing and distributing heating services in the City of Lodz. The capital increase is a co-investment with Dalkia International, the French utility operator.

**Transition impact:**

ZEC Lodz, the Company to be privatised, is one of the largest Cogeneration facilities in Poland and as such the conclusion of this competitive privatisation process will be a key achievement for the Polish Treasury in seeking to attract private enterprise to the sector. EBRD's participation alongside Dalkia will support energy efficiency improvements and a major investment program to improve the operation's environmental standards. The possibility of a future listing of Dalkia Polska on the Warsaw Stock Exchange offers the potential to significantly deepen the market and to address the shortage of utility stocks.

**The client:**

Dalkia Polska, owned by Dalkia International, EBRD and ZIS, is the Holding Company of a series of municipal heating/cogeneration and distribution assets in Poland. The acquisition target to be privatised, ZEC Lodz, is a combined district heating and cogeneration facility consisting of three operating cogeneration plants and a piping network from the plant to end users in the city of Lodz, Poland.

**EBRD finance:**

Up to €55 million equity investment via a capital increase of Dalkia Polska.

**Total project cost:**

Confidential. Acquisition price negotiations ongoing.

**Environmental impact:**

C/1 screened project. An Environmental Action Plan is being developed by Dalkia Polska to address environmental issues including emissions of NOx , SOx , CO , and dust as well as carbon dioxide and benzopyrene. A major capex program is planned to be implemented in order to improve emissions:

- Modernisation or replacement of dusters on boilers
- Construction of a desulphurization unit
- Installation of low NOx burners
- Modernisation of combustion installations to permit use of lower sulphur content fuel
- 

The Bank will review this programme and amend PSD accordingly prior to submission of the project for management review.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Thierry Aveline de Rossignol

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**Business opportunities:**

For business opportunities or procurement, contact the client company

## **E**

<b>Project name:</b>	Bank TuranAlem - Subscription of Ordinary Voting Shares
<b>Country:</b>	Kazakhstan
<b>Project number:</b>	35502
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	12 November 2004 15 November 2004

**Project description and objectives:**

Subscription to newly issued ordinary shares of Bank TuranAlem (BTA). EBRD's investment will support BTA's expansion strategy in the growing Kazakh financial sector and across the former Commonwealth of Independent States (CIS). This will contribute to facilitate regional integration and strengthen regional ties.

Through this project, EBRD will also promote the implementation by BTA of measures to further strengthen its corporate governance, organisation, operations and internal procedures.

**Transition impact:**

The transition impact potential of this project lies mostly in three key aspects:

- Increased competition in the Kazakh banking sector. The proposed investment provides BTA with the necessary means for the bank to continue expanding strongly its operations in Kazakhstan and the CIS. The ultimate goal is for BTA to further develop into a more modern and efficient institution, which will contribute to the competitiveness of Kazakhstan's banking sector and to the increase in availability of funding to local companies.

- Setting standards of corporate governance. EBRD's investment is linked to the implementation of measures to further strengthen the bank's corporate governance, organisation, operations and internal procedures.
- Demonstration effect. The successful implementation of BTA's strategy will indicate to banks across the region the benefits of adopting best practices in terms of corporate governance, control policies and procedures.
- 

**The client:**

BTA is the second largest bank in Kazakhstan with total assets of US\$ 3.3 billion and total tier I and tier II capital of US\$ 385 million as at June 2004.

**EBRD finance:**

To be confirmed.

**Total project cost:**

To be confirmed.

**Environmental impact:**

Screened FI.

BTA is already implementing the Bank's Environmental Procedures for Local Banks including Exclusion and Referral List across all its operation. BTA will continue to apply the se procures in the future operation, as well as to report to EBRD on environmental, health and safety issues. Additional environmental due diligence training is planned for BTA.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Anvar Khaltaev, Vice President, Financial Institutions

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Email: [khaltaev@bta.kz](mailto:khaltaev@bta.kz)

**Business opportunities:**

For business opportunities or procurement, contact the client company

## **F**

<b>Project name:</b>	Unibank A/B Loan
<b>Country:</b>	Azerbaijan
<b>Project number:</b>	35441
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	12 November 2004

**Project description and objectives:**

The proposed project consists of a US\$ 5 million syndicated loan to an Azeri private bank, Unibank.



The project will provide Unibank with access to international markets to raise medium term financing for on-lending to local private enterprises.

**Transition impact:**

The project will play a significant role in mobilisation of new sources of funds by bringing foreign capital and new international financiers to the Azerbaijani financial sector. This will be the first syndicated loan arranged by EBRD to an Azerbaijani bank, as private banks in Azerbaijan have very limited access to such types of funding. At present, IFIs are the only potential foreign providers of medium and long term financing and the local capital market remains non-existent.

It is also expected that the project will have an impact on strengthening SMEs development in Azerbaijan by promoting financial intermediation.

**The client:**

Unibank Commercial Bank, an open joint-stock company, is one of the leading private banking institutions in Azerbaijan, that was incorporated in 2002 as a result of a merger between M-Bank and Promtechbank. EBRD is a 20% shareholder in Unibank.

**EBRD finance:**

The project is a syndicated loan structured in two portions. EBRD will finance an A-portion (up to 3 years maturity) of the loan for up to US\$ 1.5 million, while a B-portion (up to 2 years maturity) of the loan of up to US\$ 3.5 million is expected to be financed by the participating banks.

**Total project cost:**

US\$ 5 million.

**Environmental impact:**

Unibank will be required to carry out its operations in accordance with EBRD's Environmental Procedures for Local Banks. In implementing these procedures, the bank will require its borrowers to comply, at a minimum, with national and/or local health, safety, environmental and public consultation requirements.

**Technical cooperation:**

Unibank has been benefiting from two projects on the technical assistance:

- (i) assistance of consultants helping Unibank to establish proper credit approval procedures and processes
- (ii) assistance of consultants focusing on the issues of institutional building.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Mr. Faig Huseynov, Chairman of the Management Board  
Tel: +994 12 98 22 44/45

**Business opportunities:**

For business opportunities or procurement, contact the client company.

## **G**

<b>Project name:</b>	MBASK Insurance Company
<b>Country:</b>	Azerbaijan
<b>Project number:</b>	34998
<b>Business sector:</b>	Financial institutions: Non-bank FIs
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	11 January 2005

**Status:** Passed final review, Pending board approval  
**Date PSD disclosed:**  
**Date PSD updated:** 11 November 2004

**Project description and objectives:**

The proposed project envisages subscription to equity in MBASK Insurance Company to acquire a 30% stake.

By providing an additional source of financing, the EBRD's investment will assist MBASK Insurance Company to strengthen its capital base and enable it to develop its infrastructure, sales network and to introduce new commercial and personal lines insurance products.

**Transition impact:**

The project will promote the development of, and competition in, the provision of primarily non-life insurance products in Azerbaijan (where current insurance penetration, measured as is significantly less than 1% of GDP).

Through its representation on the company's Supervisory Board, and through the provision of technical assistance, the EBRD will contribute to the improvement of MBASK Insurance Company's business practices and provide advice on key insurance related issues. This will enable MBASK Insurance Company to meet, and demonstrate to the market, international standards of insurance practice.

**The client:**

MBASK Insurance Company, a limited liability company licensed and operating as an insurance company in Azerbaijan.

**EBRD finance:**

Approximately US\$ 1 million equity.

**Total project cost:**

Approximately US\$ 1.5 million.

**Environmental impact:**

The environmental risks associated with MBASK Insurance Company's operations may include the companies' insurance products to the extent that they cover claims for environment-related damage (e.g. third part liability, property damage, fire and natural disaster, health).

However, in order to mitigate environmental impact MBASK Insurance Company will conduct its insurance operations (both underwriting and investment activities) in accordance with the EBRD's Guidelines for Investments in the Insurance Sector. The Guidelines require that the Company's policy and products include mechanisms and tools which allow Company staff to identify, assess, and control any environmental risks which may be associated with a particular customer or product, and to ensure that insurance cover is not provided for activities included on EBRD's Environmental Exclusion List. MBASK Insurance Company will also be required to submit an Annual Environmental Report to the EBRD.

**Technical cooperation:**

It is anticipated that, subject to donor approval, technical co-operation funding of will be provided from the 2001 EU-EBRD Investment Preparation Facility (2001). A firm or suitably qualified individual will be selected to provide management support services to MBASK Insurance Company.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Nofal K. Rzayev, Advisor to the Board  
MBASK Insurance Company  
90/9Hazi Aslanov Street

Baku AZ1095  
Azerbaijan

**Business opportunities:**

For business opportunities or procurement, contact the client company.

## **H**

<b>Project name:</b>	SME Lending Framework
<b>Country:</b>	Ukraine
<b>Project number:</b>	35499
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	11 November 2004

**Project description and objectives:**

The proposed project is a US\$ 200 million Framework Facility for on-lending to local banks for financing private sector micro, small and medium-size enterprises. Under the Framework EBRD will provide direct long-term credit lines to local participating banks (PBs) which will in turn lend the funds to micro and small enterprises (MSEs) and to private small and medium size enterprises (SMEs).

The Framework objective is to improve access of creditworthy MSEs/SMEs to sources of reliable finance and to further strengthen the lending capacity and skills of participating banks. The Framework includes technical assistance for institutional building and increased lending capacity of the participating banks.

**Sub-projects:**

View a list of sub-projects for this and other framework projects.

**Transition impact:**

The main goals of the MSE/SME Framework are to

- (i) provide access to medium-term credit to finance MSEs/SMEs
- (ii) support the development of the private sector and banking sector in Ukraine.

Transition impact will be achieved by expanding commercially viable MSE/SME finance business in the participating financial institutions and increasing competition thereby demonstrating to other financial institutions that small and medium sized businesses can be a profitable and attractive customer segment.

**The client:**

Leading private banks engaged in MSE and SME lending. The first candidate is Agio. Agio is a small-size bank with total assets of US\$ 55.7 mln, total capital of US\$ 10.8 million and net profit of US\$ 1.2 million as of the end of 2003.

Other local banks engaged in MSE/SME financing and already participating under the EBRD SME II credit line project (Nadra, Forum) will be considered for participation in the near future.

**EBRD finance:**

A US\$ 200 million MSE/SME Lending Framework Facility for selected banks to be on-lent to the MSE/SMEs.

The first credit line under the Framework will consist of a US\$ 10 million SME credit line to Agio Bank.

**Total project cost:**

US\$ 200 million.

**Environmental impact:**

Screened FI.

This operation will be carried out in accordance with EBRD's Environmental Procedures for Intermediated Financing through Local Banks and for Small and Micro Loans, including compliance with applicable national environmental, health and safety requirements, adherence to the EBRD's Environmental Exclusion List and submission of an annual environmental report to the Bank.

**Technical cooperation:**

The Framework Facility will be supported by the technical assistance aimed at

- 1) regional expansion of MSE finance into rural areas and the agriculture sector as well as training in-house advisers/trainers in the banks to further roll out and manage MSE lending operations
- 2) institutional building of participating banks in areas of credit risk management, marketing, IT, Treasury, etc.

The following TC funds will likely be provided

- € 2.25 million from EU TACIS for MSE finance
- € 3 million from the EU IPF 2004 for MSE finance
- € 2.0 million from the Dutch Government for Rural and Agriculture MSE finance
- € 3.0 million from the EU IPF 2004 programme for SME finance

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Agio  
Stanislav Arzhevitin, Chairman.  
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01004 Kyiv,  
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Fax : 38 044 234 21 43

**Business opportunities:**

For business opportunities or procurement, contact the client company.

**I**

<b>Project name:</b>	Xella-Aeroblock-Centre
<b>Country:</b>	Russia
<b>Project number:</b>	35464
<b>Business sector:</b>	General manufacturing
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	B
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	11 November 2004

**Project description and objectives:**

The proposed project involves the construction and operation of a brownfield production facility in the Moscow region to produce aerated autoclaved concrete bricks (AAC) with annual capacity of up to 400,000 m3 block material.

The Project aims to achieve the successful development of a new manufacturing facility, which will help to make the Russian construction materials industry more competitive in the domestic market. The investment would help establish production facilities, assist in technology transfer and create new jobs.

**Transition impact:**

The transaction will strengthen the competitive pressure within the industry in terms of production efficiency, better production quality and improved customer service. The Company will raise standards in the AAC bricks production dominated by rather low quality produced on outdated technology at small size plants. Xella will play a positive role in setting corporate governance, business, and environmental management standards (i.e. energy savings from establishing building standards that promote use of materials with higher insulation level), as well as in presenting reference points for other firms, and local and regional regulatory agencies.

**The client:**

ZAO Xella-Aeroblock-Centre (the Company) - a new company created in Mozhaisk, Moscow region.

The Company will be a 70:30 joint venture formed by Xella Porenbeton Holding GmbH (Xella), and OAO Holding Company GVSU Centre (GVSU Centre).

Xella is the construction material division and a 100% subsidiary of Haniel Bau-Industrie GmbH which is ultimately owned by the parent holding company Franz Haniel & Cie. GmbH. Xella is a key player in the international building materials market and the world's leading manufacturer of aerated autoclaved concrete (AAC) and calcium-silicate bricks.

GVSU Centre ranks under the biggest 10 Moscow construction companies. GVSU Centre is engaged in production of construction materials, construction works in the housing sector and real estate development.

**EBRD finance:**

EBRD's proposed investment is €8 million senior loan to the Company for EBRD's own account.

**Total project cost:**

The total operation amount is €21.1 million, of which capital cost is €18 million.

**Environmental impact:**

The project has been screened B/1, requiring an Environmental Analysis and an environmental site investigation.

The construction and operation of an AAC production plant on an industrial property is associated with a limited number of environmental issues, which can be easily mitigated through the introduction of modern technology, project design, construction planning and work practices. The production of AAC blocks requires significantly less energy than the production of other construction materials. AAC has extraordinary high insulation properties and its use as construction material will result in increased energy efficiency. The project is continuation of industrial activity in the Mozhaisk industrial area and will bring positive impact on the social and economic development and on the infrastructure of the area.

The investigations have shown that the production site, facilities and operations are designed to meet Russian and EU environmental standards and that the project will have limited environmental impacts. The production unit has a closed process water loop, recycles 100 % of crushed product material and has effective dust exhaust units, providing efficient mitigation of environmental impacts. An environmental action plan has been developed as part of the environmental due diligence to ensure all adverse impacts will be efficiently mitigated. The EAP

includes measures for surface soil conditioning, reconstruction of a storm water drainage system, installation of a drinking water purification unit and storage, handling and disposal of hazardous materials (mould oil). A specific monitoring programme has been established to ensure air emissions of dust, waste water discharges and indoor air quality will remain within regulatory limits.

This section will be updated as soon as environmental due diligence will have been completed.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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**Business opportunities:**

For business opportunities or procurement, contact the client company.

## **J**

<b>Project name:</b>	Tutunska Banka
<b>Country:</b>	FYR Macedonia
<b>Project number:</b>	33800
<b>Business sector:</b>	Financial Institutions: Bank equity/Bank lending
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	FI
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	10 November 2004

**Project description and objectives:**

The proposed loan will enable the bank to provide short and medium term loans to its private sector corporate customers in an environment where banking sector intermediation level is still low. The loan will contribute towards diversification of the bank's funding base and the EBRD's lead in the Project assists Tutunska Banka in successfully approaching international commercial debt market.

**Transition impact:**

Considering the low banking sector intermediation level in FYR Macedonia where the domestic credit to GDP stood at 20% at the end of 2003, the Project is expected to have a positive impact on the country's economic development by providing increased access to companies to term financing and on the development of the banking sector through supporting the growth of a financial institution which applies best banking practice in its operations and is in the forefront of product development. This will be the first internationally syndicated loan for a financial institution in FYR Macedonia since late 1980s attracting new investors to the FYR Macedonia banking market.

**The client:**

Tutunska Banka was established in 1985 as an internal bank for tobacco industry in Macedonia. To date, the bank has grown to be one of the leading universal commercial banks servicing a

wide range of corporate and retail customers from all branches of the economy. It is the third largest bank by total assets and the market leader in profitability and efficiency indicators. Tutunska Banka is 76.6% owned by Nova Ljubljanska banka, d.d., Slovenia and its group companies.

**EBRD finance:**

Senior debt for on-lending to private sector corporate customers in the aggregate amount of up to € 20 million with an A/B loan structure, B loan to be syndicated.

**Total project cost:**

Up to € 20 million.

**Environmental impact:**

Tutunska Banka is required to apply environmental procedures in accordance with EBRD's Environmental Procedures for Local Banks (including the Environmental Referral List and Exclusion List). In implementing these procedures Tutunska Banka will assess potential environmental issues associated with sub-projects, which are required to comply, at a minimum, with local/national health, safety, environmental and public consultation requirements.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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**Business opportunities:**

For business opportunities or procurement, contact the client company.

## **K**

<b>Project name:</b>	Chelopech Mining
<b>Country:</b>	Bulgaria
<b>Project number:</b>	4468
<b>Business sector:</b>	Natural resources
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	B
<b>Board date:</b>	14 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	10 November 2004

**Project description and objectives:**

The proposed project consists of:

The environmental remediation, refurbishment, modernisation and expansion of the Chelopech Gold Copper mine and processing plant (the Project). The Project is located in Chelopech, Bulgaria. The Project will be expanded so that output is increased from a mining and processing rate of 500,000 tonnes per annum (tpa) at the time of Dundee's acquisition to approximately 1,500,000 tpa of ore into copper/gold concentrates.

The Bank's funding is to be applied to as follows

(a) US\$ 3 million senior loan in respect of environmental projects

(b) US\$ 7 million senior loan in respect of mine and mill improvement; and Guarantees to be issued (subject to a maximum of US\$ 3 million) to the Bulgarian government as required under the Concession Agreement (a mining tenement).

**Transition impact:**

The mining sector in Bulgaria deteriorated markedly over the past decade. A large number of mines, including Chelopech, were closed due to environmental problems, poor operational and financial performance and decreased domestic demand. The lack until recently of a modern regulatory framework has deterred strategic investors.

This will be the Bank's first mining project in Bulgaria. The involvement of the Bank may strengthen mining investor interest in Bulgaria and the Balkans as a whole and will demonstrate progress in the operating and regulatory environment.

The Project will benefit from the introduction of modern mining/extraction technology and improved technological common practices, thus contributing to technical and marketing know-how transfers. The Project will also promote the industry's restructuring by introducing the highest efficiency and environmental standards currently available through the upgrading of the existing mine, mill and tailings dam facilities. Chelopech is situated in an established mining region and the proposed improvements will set new technological, environmental and health & safety standards that would be immediately relevant to other nearby operations. Energy efficiency demonstration effects are likely to be high in this project for example. As the project focuses on environmental improvements these will be easily quantifiable and monitored.

By saving the mine from closure, the Company now employs a considerable part of the working population in the area. By unbundling auxiliary services the mine has also created a number of additional jobs and prompted the establishment of several small private enterprises which are subcontracted on an on-going basis. The Bank has also already been instrumental in establishing new standards of environmental monitoring and compliance and a substantial technology and know-how transfer. This is also likely to migrate through linkages with suppliers and service providers who will be asked to perform to these new and higher standards.

Clearly, support from the Bank will have a large demonstration effect because even though potential foreign investors remain interested in the Bulgarian market, they remain still hesitant particularly over the medium-to-long term horizon.

**The client:**

Chelopech Mining EAD, a joint stock company incorporated in Bulgaria (Chelopech or the Company) formerly Navan Chelopech AD. Chelopech holds the mining rights and operates the Chelopech copper/gold mine in Bulgaria. Dundee Precious Metals Inc (Dundee) owns, via its subsidiaries, 100% of the share capital of Chelopech.

**EBRD finance:**

US\$ 10 million loan and guarantee facility.

**Total project cost:**

Phase 1 US\$ 46.9 million; Phase 2 is under review.

**Environmental impact:**

The Project was screened B/1 requiring an Environmental Analysis and audit.



A range of environmental investigations have been undertaken at Chelopech which confirm that mining operations have significantly impacted the surrounding environment since start up in 1954. Waste products from mining and tailings, generated in large quantities, represent the most significant potential environmental liability. Other issues include outstanding environmental permits, responsibility for Past Environmental Damages (PEDs,) and mine closure planning.

The independent reviews and available data, including a site visit by the Bank's Environmental Specialist in July 2004, indicate that the existing operation is generally managed satisfactorily and has improved significantly since 2001 when the Bank considered a financing plan for the project when it was managed by a different sponsor. Extensive rehabilitation of damaged areas from past industrial activities is currently underway and the current project will result in further upgrading to tailings disposal and dam improvement.

The underground mine has no significant problems with regard to environmental liabilities and no significant contamination or liabilities have been noted by the Past Environmental Damage (PEDS) study or other recent environmental audits. (Current Processing at Chelopech does not involve the use of cyanide or release of arsenic). The closure plans are well documented and meet internationally accepted standards and the operation is fully permitted to operate under the current (2001) Environmental Impact Assessment (EIA) conditions.

The Phase 2 operation however, will require a full EIA under Bulgarian, and EU legal requirements in respect of the possible production of copper metal, gold Dore and sulphuric acid through the possible installation of a Pressure Oxidation facility (POX) and related processing capacity. Public consultation shall be arranged to satisfy EBRD B-level requirements and local requirements.

The Company will prepare a summary of relevant environmental issues, mitigation measures, action plans and release it locally. EBRD will monitor ongoing compliance with EU environmental, health and safety standards, and good international mining practices during the lifetime of the project by evaluating reports submitted annually to EBRD by the Company and by conducting periodic supervision.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

Chelopach Mining EAD,  
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For the attention of:

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**Business opportunities:**

For business opportunities or procurement, contact the client company



<b>Project name:</b>	Uralsib SME Term Loan II
<b>Country:</b>	Russia
<b>Project number:</b>	35636

**Business sector:** Financial Institutions: Bank equity/Bank lending  
**State/Private:** Private sector  
**Environmental category:** FI  
**Board date:** 7 December 2004  
**Status:** Passed final review, Pending board approval  
**Date PSD disclosed:**  
**Date PSD updated:** 5 November 2004

**Project description and objectives:**

The proposed project envisages extension of term financing to Ural-Siberian Bank (Uralsib) to build upon the achieved results in lending to private sector small and medium sized enterprises (SME) operating in the Russian Federation. In addition, the project envisages extension of the trade-finance facility and warehouse receipt programme facility to support Uralsib's respective activities.

**Transition impact:**

The project will promote financial intermediation and development of the real sector economy. Strengthening private sector banks and increasing competition in lending to private SMEs will facilitate provision of better quality banking services and contribute to satisfy the strong demand in this sector. Uralsib's commercial success in this area as well as in trade-finance and agricultural commodities financing may prompt other players to actively engage in product innovation and streamlining of operations which will lead to a greater sector-wide efficiency.

The project will also promote the adoption of high standards for corporate governance and business conduct.

**The client:**

Uralsib is a strong nation-wide player headquartered in Ufa, Republic of Bashkortostan and provides a wide range of banking services to legal entities and individuals across the Russian Federation. Uralsib operates through more than 330 offices in 70 cities across Russia.

**EBRD finance:**

EBRD finance:

- a) Term Loan US\$ 30 million (€ 23 million);
  - b) TFP exposure US\$D 10 million (€ 8 million);
- Non-EBRD finance:
- c) Russia Small Business Fund – Term loan US\$ 10 million (€ 8 million);
  - d) Warehouse Receipt Programme – US\$ 5 million (€ 4 million)

**Total project cost:**

US\$ 55 million (€ 43 million).

**Environmental impact:**

Uralsib will be required to comply with EBRD's Environmental Procedures for Intermediated Financing through Local Banks, including adherence to the Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety legislation, and submission of annual environmental reports to EBRD.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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**Business opportunities:**

For business opportunities or procurement, contact the client company

## **M**

<b>Project name:</b>	IRIDE II
<b>Country:</b>	Romania
<b>Project number:</b>	35437
<b>Business sector:</b>	Property
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	B
<b>Board date:</b>	7 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	
<b>Date PSD updated:</b>	4 November 2004

**Project description and objectives:**

The client company will develop, construct, let and manage the third phase of an international standard business park project located in Bucharest, Romania.

The proceeds of the senior loan will be utilised to partially finance completion of the IRIDE business park development, responding to market demand and relieving the shortage of modern and combined office and warehousing space in Romania.

**Transition impact:**

The project will contribute to further improve the efficiency in the domestic supply chain and service sector, providing modern warehousing facilities combined with quality office space. Phase three of the project will complete the business park scheme, which with over 80,000 sqm of commercial space, will have significantly improved the volume and quality of Class B and light industrial warehouse stock available in the local real estate market.

**The client:**

Italian Romanian Industrial Development Enterprise S.A. (I.R.I.D.E. S.A.), a special-purpose property development company established in Romania with the focus on developing industrial and ancillary office facilities at competitive costs.

The client company is 100% owned by I-E IMMOEAST Real Estate GmbH, a limited liability company organised and existing under the laws of the Republic of Austria and a 100% wholly-owned subsidiary of IMMOEAST Beteiligungs GmbH, an Austrian real estate investment trust specialising in the investment in income-producing and development real estate assets in Central and Eastern Europe.

**EBRD finance:**

The EBRD considers providing a senior loan of up to €22.5 million under an A/B Loan structure, with €10-12 million to be syndicated to commercial bank(s).

**Total project cost:**

€33 million.

**Environmental impact:**

The project was screened B1.

Environmental due diligence including an environmental audit will be conducted. The due diligence examines the current compliance status of the project and analyses environmental, health and safety issues related to the third phase of development of the business park: past liability, environmental impacts and worker health and safety issues of the construction

work, safety of construction materials and environmental and life and fire safety issues during the operation.

The sponsor will be required to continue to comply with national and EU environmental, health and safety standards and requirements as well as to submit an annual environmental report to the Bank.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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**Business opportunities:**

For business opportunities or procurement, contact the client company

## **N**

<b>Project name:</b>	Project Tundra
<b>Country:</b>	Russia
<b>Project number:</b>	35648
<b>Business sector:</b>	Telecommunications & Media and Informatics
<b>State/Private:</b>	Private sector
<b>Environmental category:</b>	C
<b>Board date:</b>	7 December 2004
<b>Status:</b>	Passed final review, Pending board approval
<b>Date PSD disclosed:</b>	4 November 2004
<b>Date PSD updated:</b>	29 November 2004

**Project description and objectives:**

Mobile TeleSystems OJSC (the Borrower or Company), one of the leading mobile operators in the Russian Federation, is contemplating long-term financing from the EBRD in order to finance:

- (i) capital expenditure
- (ii) local works
- (iii) acquisitions in the regions of the Russian Federation.

**Transition impact:**

Through this transaction, the Bank will be supporting the geographical expansion of MTS into the underserved regions of the Russian Federation and supporting competition in these areas. The proposed project will promote competition which in turn will lead to introduction of new services and more importantly, through the reduction of prices, it will bring the mobile telephony within the reach of a wider segment of the population in the regions, thus promoting commercial activity in these economically less developed areas.

**The client:**

Mobile TeleSystems OJSC (MTS or the Company) is the largest mobile phone operator in Russia and the CIS. It provides services to over 27.8 million subscribers in Russia, Ukraine and Uzbekistan. The Company is quoted on the NYSE and is rated BB- (stable) by S&P and ??3 (stable) by Moody's.

Principal shareholders are Sistema (50.4%), and T-Mobile (25.1%). The free float is at 22.5%.

**EBRD finance:**

The Bank will provide a US\$ 150 million loan with a maturity of up to seven years.

**Total project cost:**

MTS expects its capex spending in 2005 to exceed US\$ 1.4 billion.

**Environmental impact:**

The project was screened C1.

There are unlikely to be significant environmental issues associated with this project. Environmental due diligence is currently underway initially using the Bank's Environmental Questionnaire for Telecommunication Projects. Environmental issues are likely to be associated with construction and installation works for transmissions, towers and other equipments, right-of-way, general health and safety issues and new acquisition. The Company will be required to ensure that the project will comply with national and EU environmental, health and safety standards and regulations as well as to submit annual reports on environment, health and safety.

**Technical cooperation:**

None.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

**Company contact:**

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**Business opportunities:**

For business opportunities or procurement, contact the client company

### III. ADDITIONAL INFORMATION AND ASSISTANCE:

- A. US Commercial Service EBRD Liaison Office (CS-EBRD):** CS-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

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Note: CS-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at [www.ebrd.com/oppor/procure/opps/index.htm](http://www.ebrd.com/oppor/procure/opps/index.htm). An updated list of EBRD publications can also be found on the main website [www.ebrd.com](http://www.ebrd.com)

- B. BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: [www.bisnis.doc.gov](http://www.bisnis.doc.gov) Tel: +(202) 482-4655, Fax + (202) 482-2293.
- C. CEEBIC:** Central and Eastern Europe Business Information Center (CEEbic). Countries of covered: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia & Montenegro, Slovak Republic, Slovenia. Web: <http://www.mac.doc.gov/ceebic> Tel: +(202) 482 2645, Fax: +(202) 482 4473